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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000480

SIPDIS

STATE FOR NEA/IR AND SCA/CEN

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SUBJECT: IRAN/TURKMENISTAN: WAITING FOR RAPPROCHEMENT:  
IRANIAN BUSINESSMAN ENVISIONS U.S.-IRAN COLLABORATION IN  
TURKMENISTAN

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Classified By: Charge Richard Miles, reasons 1.4 (b) and (d).

11. (C) In a conversation with Ashgabat Iran Watcher this week, the general manager of the local office of the construction company Iran Samen (GM) spoke hopefully about the possibility of U.S.-Iranian construction joint ventures in Turkmenistan in the future. Our contact, who has lived and worked in Ashgabat since 1996, mostly importing machinery and construction materials, has persevered in the face of the Turkmen Government's bureaucracy and the endless red tape that it imposes on foreign companies attempting to do business. Although the engineering branch of the Iran Samen's main office in Teheran has completed many large factory construction projects in Iran, it has not had much success penetrating the local multi-billion dollar construction market. Construction in Ashgabat continues at break-neck speed and is dominated by several large Turkish firms.

"WE CAN OUTDO THE TURKS"

12. (C) The general manager, who opted not to seek the support of the Iranian Embassy in Ashgabat for his firm's project tenders ("they're more of a liability"), said that the Turkmen Government still does not welcome major Iranian investment in the country. He said this is due to Turkmenistan's commitment to "permanent neutrality" and what it believes such an Iranian presence would portend. "Iran's problem with America," he explained, "makes the Turkmen Government reluctant to fully open its doors to us." Nevertheless, he spoke optimistically about the prospect, "once the United States reestablishes relations with Iran and the sanctions regime is ended." He was even more confident about the superior technical and structural superiority of Iranian engineering and construction methods. He said, "We can outdo anything the Turkish firms have produced." He asserted that "everyone knows" that Turkish firms use what he termed "shoddy" construction materials and techniques.

"RE-ENGAGEMENT HAS ALREADY BEGUN"

13. (C) Our contact, who traveled to Iran as part of President

Berdimuhamedov's delegation in February, stayed on for several weeks at his home in Teheran, returning to Ashgabat after the Nowruz holidays. He commented that, based on his observations in Teheran, that President Obama's Nowruz message was "extremely well-received" by all sectors of the Iranian public. In fact, he said, many people saw the message as a sign that the U.S. has "already started" a process of rapprochement towards Iran. Echoing the views expressed recently by other Iranian contacts, he noted the Iranian leadership's "mixed feelings" towards re-engagement with the U.S. "They are afraid that, sooner or later, Iranians will be emboldened by the changes and demand a referendum." Regarding the upcoming Iranian presidential elections, he described Iranians as wanting someone at the helm who, "like Obama", will bring "positive change" to the country. He advised that people should listen closely to Supreme Leader (SL) Khamenei's words: Ordinary Iranians, he said, particularly those in rural areas, will follow the cues of the SL, and throw their support behind the candidate he is perceived to favor. In terms of overall popularity and likelihood of prevailing in the election, the general manager said it is impossible to know at this point. Among educated Iranians, including most Teheranis, he said, Mousavi is still the favorite. However, his "differences" with the SL make him somewhat less attractive in the public's eyes than, for example, Ali Akbar Velayati (the general manager's preferred candidate). "Either way," he said, "even if Ahmadinejad ends up being reelected, Iranians will eventually demand a referendum. We have had enough."

ECONOMIC WOES = LESS ENGAGEMENT

14. (C) According to the general manager, who was a college student in Shiraz when the Iranian revolution took place, it was the financial comfort of Iran's middle class that allowed

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so many to join in the movement to overthrow the Shah. He opined that currently, Iran's hyper-inflation and other economic problems prevents people from fully engaging in the political process or looking for ways to change the things they dislike about the leadership. "That's the problem with so many countries in the Arab world," he said, "If people were better off, they could focus on bringing democracy to their countries." In the same vein, he noted that the three most admired leaders in the Arab world are still Hizbollah leader Hassan Nasrallah, Khaled Mashal (HAMAS), and, finally, Ahmadinejad, because the public perceives them as "tough", and "not afraid to stand up to America and Israel."

15. (C) BIO-NOTE AND COMMENT: The general manager, an ethnic Baloch originally from the eastern city of Zahedan, is an engineer by training and has resided in Teheran for all of his adult life. He is married to an artist and has teenaged children in Iran. He noted to Iran Watcher that life for well-off business people in his native Balochistan has become increasingly hazardous. Taliban members, he said, frequently cross into Iran from Pakistan and kidnap wealthy Iranians and then demand large ransoms in return for their release. END COMMENT.

MILES